

November 10, 1999

COMPLIANCE POLICY

1. PURPOSE: This Veterans Health Administration (VHA) Directive provides instructions and the necessary criteria and requirements for the implementation of a Compliance Program at the VHA Headquarters, Veterans Integrated Service Network (VISN), and medical center levels.

2. BACKGROUND

a. Compliance is an oversight process, supported by appropriate organizational conditions (culture, regulations, policies, procedures, controls, etc.), which, over time, are most likely to ensure that employee actions and character are consistent with VHA core values. As an oversight process, compliance is used by all levels of the organization to identify high-risk areas, and see that appropriate corrective actions are taken.

b. Complete and accurate diagnostic and procedural coded data are necessary for research, disease management, outcomes and statistical analysis, financial and strategic planning, reimbursement, and quality of care. In the private health care industry, adherence to Department of Health and Human Services (HHS) standards enables an organization to capture and translate their data accordingly. If VHA is to remain competitive, it must demonstrate that it can deliver a high standard of care and have the ability to measure and quantify clinical and financial outcomes as is required in the health care industry at large.

c. Allocation of appropriated dollars for patient care, corporate and local performance measures, medical research, and collections from third-party insurers each depends on the accuracy of data. There have been a series of events in the last year that have brought the accuracy of patient care and billing data to the forefront of concern.

d. VHA decided to examine its internal processes and controls. The VHA Chief Financial Officer (CFO) contracted with the American Hospital Association (AHA) and PricewaterhouseCoopers (PwC) to conduct a comprehensive pre-compliance assessment of the organization. Their study recommended that VHA implement a comprehensive health care compliance program patterned after the HHS Inspector General's model program.

3. POLICY: It is VHA policy that a Compliance Program be instituted at all levels. The Compliance Program will identify policies and procedures that prevent and detect activities, practices or behavior that is not consistent, or in compliance, with existing regulatory, ethical, or legal requirements. VHA policies and guidelines are to be based on the seven components of the HHS model hospital compliance plan, as follows:

a. Designation of a chief compliance officer and other appropriate bodies, (e.g., a compliance committee that is responsible for the design, implementation and ongoing oversight of the program) that report directly to the Chief Executive Officer (CEO) and the governing body.

THIS VHA DIRECTIVE EXPIRES NOVEMBER 30, 2004

VHA DIRECTIVE 99-052

November 10, 1999

NOTE: VHA has designated an Associate CFO for Compliance who reports directly to the VHA Chief Financial Officer. VHA has established a Compliance Advisory Board as an advisory group to the VHA Chief Financial Officer.

b. Development and distribution of written ethical standards of conduct, as well as written policies and procedures that promote commitment to compliance (e.g., by including adherence to compliance as an element in evaluating managers and employees) and address specific areas of potential fraud or mismanagement, such as billing, collections, and upcoding.

c. Development and implementation of regular, effective education and training programs for all affected employees.

d. Maintenance of a process, such as a compliance line, to receive complaints, and the adoption of procedures to protect the anonymity of complainants.

e. Development of a system to respond to allegations of improper and/or illegal activities and the enforcement of appropriate disciplinary actions against employees who have violated internal compliance policies, regulations, or Federal health care program requirements.

f. Use of audits and/or other evaluation techniques to monitor compliance and to assist in the reduction of identified problem areas.

g. Investigation and remediation of identified system problems and the development of policies addressing the non-employment or retention of sanctioned individuals (disciplinary action imposed upon an individual for failure to comply with VHA's compliance standards).

4. ACTION

a. A Compliance Advisory Board is established with membership from VHA Headquarters, VISNs, medical centers, and the General Counsel.

b. The VISNs and medical centers are to designate a full time Compliance Officer. **NOTE:** For some VISNs, this role may be designated as collateral duties, dependent upon the scope of responsibility. The Compliance Program will be integrated with other strategic initiatives, systemwide. VISN Directors, Medical Center Directors, and appropriate Chief Officers are responsible and accountable for implementing compliance programs in their respective offices and organizations, in accordance with VHA Headquarters guidance.

c. The VHA CFO is responsible for program direction, oversight, and monitoring.

5. REFERENCES: The HHS Model Hospital Compliance Plan ([www:HHS.GOV/](http://www.HHS.GOV/)).

6. FOLLOW-UP RESPONSIBILITY: The VHA CFO (17) is responsible for the contents of this directive. **NOTE:** Inquiries may be referred to 202-273-8205.

7. RESCISSION: None. This VHA Directive expires November 30, 2004.

S/ by Frances M. Murphy, M.D. for
Thomas L. Garthwaite, M.D.
Acting Under Secretary for Health

DISTRIBUTION: CO: E-mailed 11/12/99
FLD: VISN, MA, DO, OC, OCRO, and 200 - FAX 11/12/99
EX: Boxes 104, 88, 63, 60, 54, 52, 47 and 44 - FAX 11/12/99